

### Chapter 3 - HUD's Recommendations on Potential HOPWA Formula Changes

This report provides a technical means of updating of the HOPWA formula which the Department believes should only be undertaken in connection with increased funding. In this report, the Department has responded to Congressional requests for recommendations on potential changes in the HOPWA formula. Additionally, this report provides an update on information that was presented in *A Report on the Performance of the Housing Opportunities for Persons with AIDS Program*, which was sent to the House and Senate Appropriation's subcommittees on March 24, 1998.

The Department has consulted with the 34 States and 63 cities that serve as formula grantees and with the over 108 recipients of competitive grants in providing information on their accomplishments under the program as currently established. In addition, HUD discussed formula issues with staff at CDC and HHS and with providers and residents of AIDS housing programs. In our view, modest revisions could be made by updating the formula in using surveillance data to estimate the number of persons who are currently living with AIDS in place of cumulative AIDS data that references many persons who have died. In addition, as the only Federal program targeted to address the housing needs of this client population, the HOPWA formula could be revised to include a measure of housing costs, as reflected in the Department's use of Fair Market Rents (FMR) under the Section 8 rental assistance program. This recommendation would allocate one half of the funds based on the number of persons living with AIDS and one half of funds based on the housing costs in the recipient areas, as measured by area FMR. In connection with the Administration's request for additional funding for the HOPWA program, the revised formula in allocating funds to current needs could help to strengthen the community responses by recipients, so long as mitigating provisions are included to prevent significant reductions in current programs.

In this section, the Department is addressing the requests by the Conference Committee on the Department's FY99 Appropriations that HUD consider changes to the statutory formula which is used to distribute funds under the HOPWA program. The Department shares the view that these limited funds should be provided to areas with the greatest pressing needs associated with the HIV epidemic and notes that the current HOPWA formula has directed funds to this purpose. Greater resources and draft hold harmless provisions should help to ensure that funds continue to be provided to areas with the greatest pressing needs associated with the HIV epidemic without major decreases in funds allocated to any area. Under these circumstances, the Department's recommendations could enhance the effectiveness of the HOPWA program by creating a new level of stability in the number of jurisdictions that are eligible for allocations and in the amount of their annual allocations in sustaining clients who are currently being assisted. These changes are intended to be responsive to the comments made by Congress in recent committee reports. These recommendations are consistent also with HUD's four criteria that were addressed in the report in 1998, that continue to be valid; HUD recommends that changes: (1) improve and not disrupt the existing funding stream; (2)

encourage the highest levels of performance; (3) result in allocating expanded resources to meet pressing current needs; and (4) help ensure program accountability by expanding the existing capacity of programs.

Last fall, the Conference Committee requested that HUD reexamine the program, especially the formula used in distributing funds “giving particular attention to basing eligibility and allocations on better measures of relative current need” and to consider a competitive element to support well developed and successful programs. In both 1998 and 1999, House and Senate Appropriation’s subcommittees also asked for a recommendations on changes in the HOPWA program. In the March 1998 report, HUD provided the House and Senate Appropriations subcommittees with an initial set of comments on potential changes and program information on examples of formula changes. The President’s FY99 budget also recommended administrative provisions to improve the HOPWA program which were adopted by Congress. These changes, including the continued qualification of any prior formula recipient, have been implemented to good effect in this year and are requested to be extended through permanent changes in the authorizing statute.

The Department continues to advise that caution be taken in working from any assumptions that needs have changed fundamentally from the past. In the 1998 report, the Department noted that the housing needs associated with the HIV epidemic are increasing in all communities and that reducing funds to any community would have detrimental consequences for individuals and families who currently depend on this program for housing assistance and other support. In reviewing potential changes to the components of the HOPWA program, the report noted that any of a number of major revisions could result in significantly reducing the funding available for existing programs. As a consequence, these community programs would experience a disruption in their funding which would likely result in curtailing or reducing assistance to current beneficiaries. The Department has conducted additional research on potential formula changes to award funds, consulted with CDC and HHS staff, and discussed potential changes with HOPWA formula grantees and residents and providers of HIV/AIDS housing programs. These efforts have helped to inform the considerations in recommending changes in this funding mechanism and these are discussed in greater detail below.

The Department shares the Conference Committee interest in targeting this program to current needs and to ensure that equity is achieved in making AIDS housing resources available to our communities through this federal program. The Department offers the following report and recommendations as a beneficial method to update the statutory formula which is used to distribute funds under the HOPWA program to create a level of stability in continuing assistance to current clients. With adequate resources, the changes discussed below should help to ensure that these limited funds are provided to areas with the greatest pressing housing needs associated with the HIV epidemic.

## **A. Current and Growing Needs.**

In many communities, current resources do not meet existing needs for housing assistance. In our experience, there has not yet been a lessening of need in metropolitan areas or States that currently receive formula allocations. In the HIV/AIDS Surveillance Report, year-end edition for 1998, CDC reported that an estimated 274,624 persons were living with AIDS in the United States and that 48,269 new cases were reported during that 12 month annual period. For example, in 1998 in the New York City metropolitan area alone, CDC reported 7,469 newly reported cases of AIDS, about one sixth of the national total for new cases reported in the last 12 month reporting period (to December 1998). In NYC, the Mayor's Office of AIDS Policy Coordination reports that at least 10,000 persons who are living with AIDS are currently in need of supportive housing assistance. In the San Francisco metropolitan area, 970 new cases of AIDS were reported during this period. The SF Redevelopment Agency indicates that over 3,600 individuals are on the San Francisco HIV/AIDS Housing Wait List and in need of housing assistance. In Miami-Dade County, CDC reported 1,577 new cases of AIDS in this same period and the city reported that they have a HOPWA rental assistance waiting list of 844 persons. The experiences of these three metropolitan areas are examples of the continuing need for housing assistance in connection with the HIV epidemic.

HUD reviewed the effects of potential changes in formula allocations, such as using only an estimate of persons living with AIDS in place of cumulative numbers and high incidence bonus factors. In these three metropolitan areas, for example, some potential changes in the formula could result in decreased funding to these three communities, even though these communities evidence greater need for housing. A switch to the CDC estimate of persons living with AIDS and deletion of the high incidence bonus in test models for 1998 data, for example, would have resulted in substantial grant decreases to these three high impact communities, a 35 percent decrease to New York City, a 34 percent decrease to San Francisco, and a 23 percent decrease to Miami from their actual FY98 allocations. However, as described, all three areas remain among the areas with the highest needs due to the epidemic. In our view reduced funding would not be beneficial in addressing growing needs in assisting the increased number of residents in these areas who are challenged by AIDS.

In HUD's experience in administering the HOPWA program since 1992, the HIV epidemic continues to demonstrate growing needs for housing assistance across the nation. Although not all persons living with HIV/AIDS will need or seek Federal assistance under this program, many persons will need housing assistance as the gateway to health-care and other support and reduce disparities in accessing this care.

It is important to understand the potential size of the HOPWA-eligible population. The Centers for Disease Control and Prevention (CDC) collects surveillance information on reported cases of AIDS and, as may be available in areas that collect this information, on reported cases of HIV. In 1992 when the HOPWA program was initiated, a cumulative total of 195,718 Americans had been diagnosed with AIDS, as reported by the

CDC (October 1991 *HIV/AIDS Surveillance Report*). In 1992, CDC had also estimated that between 650,000 and 900,000 Americans were infected with HIV, including persons living with AIDS. Just over seven years later, by the end of 1998, 688,200 Americans have been diagnosed with AIDS (CDC *HIV/AIDS Surveillance Report, year-end edition*, December 1998). This CDC report also indicates that 274,624 persons can be estimated to be living with AIDS in the United States. In addition, about 40,000 persons are likely to become newly infected with HIV during the next twelve month period.

CDC indicates that the prevalence of AIDS is increasing as more persons are living with AIDS in large measure due to advancements in treatments and provision of care while the incidence of both deaths and opportunistic infections due to AIDS has declined in recent years. Further, CDC noted in the December 1998 reports that “Historically, AIDS incidence data have served as the basis for assessing needs for prevention and treatment programs. Because of the effect of treatment on AIDS incidence, incidence is no longer the most appropriate means of describing the needs of different populations, as areas that are providing care effectively would seem to need fewer resources. AIDS prevalence, rather than AIDS incidence, provides a more accurate measure of the number of persons who require treatment resources because it reflects the total number of persons living with AIDS.” The report further noted that until HIV surveillance information is available, “AIDS prevalence will remain the best measure of the impact of the epidemic.”

Cumulative AIDS surveillance data and one-year incidence data have been used for distribution purposes in making HOPWA allocations, as required by the statute. HOPWA formula distributions made from 1992-1999 have targeted these Federal resources to areas of the nation with the largest numbers and incidence of cases per population. Under the current statute, the HOPWA formula has reflected need from both cumulative statistics and recent incidence information and could continue to usefully serve in this manner. However, the Department is not adverse to recommending a change in the statutory requirements and to begin using information reported to CDC that provides a basis for allocating resources in proportion to the number of persons in each community who are living with AIDS under reasonable conditions. HUD recommendations address a means to implement this potential change without significantly disrupting existing programs operated by current formula recipients. In addition, the use of data for program distribution to meet current needs should also reflect the nature of information that is collected on a uniform national basis. In the future, it is possible that HIV surveillance information may become available on a standardized national basis that could reflect all of the persons who are living with HIV, including AIDS, who could benefit from health-care, housing, and other services.

As noted, CDC surveillance reports provide useful information on the nature and scope of this epidemic that should be considered in allocating these Federal funds. In the *HIV/AIDS Surveillance Supplemental Report*, Vol. 5, No. 1, issued in April 1999, CDC reports that “Recent developments in medical and pharmacologic therapies have significantly increased the survival time for persons infected with human immunodeficiency virus (HIV). Historic patterns of acquired immunodeficiency syndrome (AIDS) incidence

no longer provide unbiased information on trends in HIV transmission by demographic, risk, or geographic categories....At the end of 1997, approximately 270,000 persons who had a diagnosis of AIDS were alive...(and that) AIDS prevalence increased by approximately 30,000 persons from 1996 to 1997 because of longer survival times after diagnosis. (Further) Because the progression of many cases of HIV to AIDS can be delayed by therapies and treatment, the total prevalence among persons with a diagnosis of HIV (including AIDS) is a more accurate measure than is AIDS prevalence for the population in need of care and services.”

HIV surveillance information may also become available in future years. CDC also reported that “Currently 29 states conduct name-based HIV case surveillance in addition to AIDS surveillance; three additional states conduct HIV surveillance for pediatric cases only. Efforts toward implementing national HIV surveillance are under way” and recommends that all states and territories conduct HIV surveillance as an extension of AIDS surveillance programs. In a related document, CDC provided *DRAFT Guidelines for National HIV Case Surveillance, Including Monitoring for HIV Infections and Acquired Immunodeficiency Syndrome (AIDS)*. In that document, CDC notes that “Expanded surveillance will provide additional data on HIV-infected populations to enhance Federal, State, and local efforts to prevent HIV transmission, improve allocation of resources for treatment services, and assist in evaluating the impact of public health interventions.” Although the final guidelines have not yet been issued and HIV surveillance is not yet being undertaken in all states, it is our understanding that a system of HIV surveillance might reasonably be in place in three or four years. If this is accomplished, any recommendations on use of AIDS surveillance for distribution of HOPWA funds, should be revisited to determine if this additional information can be incorporated into the formula distribution.

HUD is also cautious regarding perceptions or assumptions on relative wellness by HOPWA-eligible clients. In our experience, while some people are responding almost miraculously to the new combination therapies, including protease inhibitors, others, primarily minorities, women and, especially those with unstable housing or persons who are homeless, are not having as beneficial a response to the new drug therapies and that some significant disparities existing in accessing health care in this nation. Without stable housing, clients are not likely to be able to consistently meet their medical protocols and follow the often complicated schedules for medicines and therapies. These clients have also not demonstrated equal participation in health care or an ability to access the related supported services needed. CDC noted this point in December 1998 in stating that “Persons with AIDS increasingly represent persons whose diagnosis was too late for them to benefit from treatments, persons who either did not seek or had no access to care, or persons for whom treatment failed.” CDC also noted that “the full effect of new therapies on AIDS incidence is not yet known (and that the) next few years will represent a time of transition for HIV/AIDS surveillance.” In light of this information and due to the uncertainties in client’s health conditions, the Department is reluctant to make recommendations on formula changes without requesting cautious technical changes in achieve relative stability in program allocations to the recipient communities.

As noted in the April 1999 CDC report, “At the end of 1997, approximately 270,000 persons who had a diagnosis of AIDS were alive.” This estimate of need does not include persons who are living with HIV who could benefit from housing assistance and HIV/AIDS care programs. Given the scale of these estimates and the estimate that HOPWA funds may reach about 50,000 clients who have HIV/AIDS, the continued use of HOPWA funds in connection with other resources to meet the housing needs of this population will be a continuing challenge to communities. The connection to other forms of assistance in addressing comprehensive approaches to provide needed housing and related care needs associated with the HIV epidemic.

## **B. The Current HOPWA Formula .**

The HOPWA formula is established by the AIDS Housing Opportunity Act, 42 USC 12901, under Section 12903(c), Allocation of Resources, as follows:

(c) Allocation of resources. (1) Formula allocation. The Secretary shall allocate 90 percent of the amounts approved in appropriation Acts under section 12912 of this title among States and cities whose most recent comprehensive housing affordability strategy (or abbreviated strategy) has been approved by the Secretary under section 12705 of this title. Such amounts shall be allocated as follows:

(A) 75 percent among- (i) cities that are the most populous unit of general local government in a metropolitan statistical area having a population greater than 500,000 and more than 1,500 cases of acquired immunodeficiency syndrome; and (ii) States with more than 1,500 cases of acquired immunodeficiency syndrome outside of metropolitan statistical areas described in clause (i); and

(B) 25 percent among cities that (i) are the most populous unit of general local government in a metropolitan statistical area having a population greater than 500,000 and more than 1,500 cases of acquired immunodeficiency syndrome, and (ii) have a higher than average per capita incidence of acquired immunodeficiency syndrome.

A single city may receive assistance allocated under subparagraph (A) and subparagraph (B). For purposes of allocating amounts under this paragraph for any fiscal year, the number of cases of acquired immunodeficiency syndrome shall be the number of such cases reported to and confirmed by the Director of the Centers for Disease Control of the Public Health Service as of March 31 of the fiscal year immediately preceding the fiscal year for which the amounts are appropriated and to be allocated.

(2) Minimum grant. ...each entity shall receive a minimum allocation of \$200,000...

(3) Nonformula allocation. (A) In general. The Secretary shall allocate 10 percent of the amounts appropriated under section 12912 of this title among-

- (i) States and units of general local government that do not qualify for allocation of amounts under paragraph (1); and
- (ii) States, units of general local government, and nonprofit organizations, to fund special projects of national significance...

The HOPWA Regulations clarify how formula funds are allocated to the metropolitan areas with a higher-than-average per capita incidence of cases of AIDS, found at 24 CFR 574.130: Formula allocations:

(b) Distribution of appropriated funds for entitlement awards...

(2)...Each qualifying city's allocation reflects its EMSA's proportionate share of the high incidence factor among EMSA's with higher than average per capita incidence of AIDS. The high incidence factor is computed by multiplying the population of the metropolitan statistical area by the difference between its twelve-month-per-capita-incidence-rate and the average rate for all metropolitan statistical areas with more than 5000,000 population. The EMSA's proportionate share is determined by dividing its high incidence factor by the sum of the high incidence factors for all EMSA's with higher than average per capita incidence of AIDS.

### **C. Risks to Program Stability.**

HUD recommends that this is not the time to disrupt the infrastructure of services and housing that have been put in place under the HOPWA program. Efforts undertaken by the recipient communities to assist persons living with HIV/AIDS in their areas are providing assistance to a large number of clients, who face severe risks of homelessness. We are reluctant to make significant program changes which will shift resources from community to community and potentially increase the funding burden on local providers or result in current beneficiaries losing their assistance. This is particularly true when we know that no HOPWA eligible jurisdiction has sufficient resources to address the full range of housing needs of its residents living with HIV/AIDS. In HUD's view, the continued operation of these community programs is vital in ensuring that housing assistance is provided as part of our national response to AIDS. Further, HUD recommends that any formula change include flexibility in undertaking corrective actions, such as by including funding increases to allow for a transition to the new funding basis.

In considering changes in the HOPWA formula, the Department submitted a report to Congress regarding the potential changes in the HOPWA formula. That report, *A Report on the Performance of the Housing Opportunities for Persons with AIDS Program*, was sent to the House and Senate Appropriation's subcommittees on March 24, 1998. The report was prepared by HUD's Office of HIV/AIDS Housing and describes the activities by HOPWA grant recipients to create community responses to the housing needs of persons with AIDS or HIV and families in their areas. The report provided statistical information, summary of expenditure performance and a description of each of the 88

formula and 108 competitive grant programs that have been funded under this program. That report also discussed the formula and potential options for revisions and made a few minor recommendations on improvement to the formula.

In reviewing potential changes to the components of the HOPWA program, the report noted that a number of major revisions could result in significantly reducing the funding available for existing programs. As a consequence, the community's programs would experience a disruption in their funding which would likely result in curtailing or reducing assistance to current beneficiaries and increase the number of persons on waiting lists. The report describes a number of potential changes that might add elements to the HOPWA formula that reflect the provisions used for allocating health-care funding under the four titles of the Ryan White CARE Act. Currently, significant differences exist between these related-programs, including the specific nature of the activities that are carried out. The Ryan White CARE Act amendments included a floor on any decrease that a recipient community might receive on a year to year basis. Some potential changes to the HOPWA formula might also reduce the recipient community's flexibility in administering these federal grants to address local needs. As noted, the Administration proposed amendments in the Department's FY99 appropriation request that provided needed corrections to the formula; these involved maintaining eligibility for States that would otherwise dropout of formula eligibility when a new metropolitan area qualifies for an allocation, allowing environmental reviews to be undertaken by State and local governments, and authorization for technical assistance to help ensure good program management. These amendments were adopted in the FY99 appropriation act.

#### **D. 1998 Congressional Directives.**

Based on issues addressed in a GAO review of HOPWA in *Housing: HUD's Program for Persons with AIDS*, issued in March 24, 1997 (GAO/RCED-97-62), the House Appropriation's Committee report on the FY98 budget directed HUD to: (1) examine changes to the Ryan White funding formulas, determine whether the HOPWA formula should be more reflective of current AIDS cases, and make appropriate recommendations to the Congress and to specify that grantees must include in planning the use of HOPWA funds, similar to the Ryan White program; (2) examine the feasibility of requiring a recipient of HOPWA funds to have some level of matching funds or services to stretch the impact of limited HOPWA funding; (3) implement a tracking system to ensure all reports are received and processed by HUD in a timely manner; and (4) issue clear guidance to grantees for updating the information and to establish a means of ensuring that grantees update information as required.

In addition, the Senate Appropriation's report directed HUD to: (5) submit no later than January 15, 1998, a review of program, including the costs and location of each project, including all component costs associated with brick and mortar, supportive services and administrative costs; and (6) submit legislative and administrative reforms designed to cap the costs of the program at the current level.



## **E. Overview of HUD's Response in 1998.**

In the March 1998 Report, *A Report on the Performance of the Housing Opportunities for Persons with AIDS Program*, HUD stated general support for minimal changes in the formula, including a few technical improvements. In summary, HUD's view was that

“The communities that receive HOPWA funds are now operating housing assistance programs that help clients daily needs for housing and other support. The Department is reluctant to recommend any change to the components of the HOPWA program that might disrupt or significantly reduce funding available for these existing programs. This adverse consequence might occur if the elements of the HOPWA formula were changed to coincide with the allocation elements used for health-care funding under the four titles of the Ryan White CARE Act. Significant differences exist between these related-programs, including the nature of the activities carried out in developing and operating housing resources under HOPWA versus the coordination and provision of health-care and other services under the Ryan White CARE Act. Some potential changes might also reduce the recipient community's flexibility to administer these federal grants to meet local needs or make best use of local resources in connection with local decision-making and public consultation.”

“Except for the amendments requested in the FY99 budget ... HUD does not recommend other changes in the HOPWA formula. However, the Department expects to continue to consult with HOPWA clients, grantees and sponsors as well as CDC, HHS, AIDS housing advocates and other interested parties on changes in the HIV epidemic, emerging needs and continued program improvements. These consultations may result in identifying potential solutions to changing the program eligibility and allocation requirements that could be proposed at a later date.” The technical amendments were approved by Congress regarding environmental clearances, continued eligibility for states and allowance for technical assistance.”

The Department was concerned that a number of potential changes to the formula, if approved, would make a number of current HOPWA jurisdictions ineligible for assistance or result in a significant reduction of their allocations. These changes would have had a severe impact on programs currently underway and on clients who depend on HOPWA housing assistance. HUD also established the following objectives as important criteria for any formula change:

- a. That any changes improve and not disrupt the funding stream to existing grant recipients and their clients who are depending on this program for housing assistance;
- b. That any changes recognize and encourage the highest levels of performance in using these federal resources;

- c. That any changes result in allocating expanded resources to meet pressing current needs of clients;
- d. That changes help ensure program accountability by expanding the existing capacity of programs and systems, through training, technical assistance or through administrative actions that improve performance.

The Department continues to recommend that these criteria be used in making any revisions in the program. In HUD's view, the criteria would target resources to the community programs that are now vital in ensuring that housing assistance is provided as part of our national response to AIDS. The criteria would also make this program a useful tool in the Federal commitment to effective partnership with State and local governments. In addition, the Office on HIV/AIDS Housing established a tracking system for annual progress reports and reports filed through IDIS and has been working with grantees to ensure timeliness and accuracy in reporting on performance.

#### **F. Comments on Adding a Component on Housing Costs.**

The Department also reviewed information on area housing costs as a means to help target resources to those communities with relatively higher costs associated with providing housing assistance. As noted, HUD consulted with persons living with HIV/AIDS and AIDS housing providers regarding the potential impact of various formula scenarios. A number of AIDS housing program directors suggested that HUD consider using a housing costs factor in allocating funds as housing markets differ by community in affordability of units. HUD reviewed this recommendation and this report recommends adding a factor as a measure of area housing costs to distribute funds.

Housing costs are reflected in HUD's Fair Market Rents (FMR) which are published annually by the Department to measure the amount in an area that would be needed to pay the gross rent (shelter rent plus utilities) of privately owned, decent, safe and sanitary rental housing of a modest (non-luxury) nature with suitable amenities. FMRs are used by HUD to assure that a sufficient supply of rental housing is available to participants of the Section 8 program under the United States Housing Act of 1937, Section 8(c)(1). In adding this provision in the HOPWA formula, the Department notes that tenant-based rental assistance is an eligible activity and, based on grantee performance reports on actual expenditures, rental assistance is the housing activity that is most often used by HOPWA grantees. Therefore, in conjunction with this measure of area housing costs, AIDS surveillance data on persons currently living with AIDS will ensure that the program is specifically targeted to persons who are facing the most severe challenges from this epidemic. Funds would be directed on the basis of the recipient area's relatively high numbers of persons who have been diagnosed by medical professionals with AIDS-defining illnesses or conditions and on the basis of the area's market costs in providing safe, decent and sanitary rental housing.

#### **Examples of FMR rates in selected communities:**

EMSA	FMR	EMSA	FMR
San Francisco CA	923	Baltimore MD	515
New York NY	785	Phoenix AZ	505
Chicago IL	619	San Juan PR	407
Miami FL	563	St. Louis MO	386

Current FMR rates are updated and published on an annual basis in the Federal Register and can be found on the HUD homepage on the internet at <http://www.huduser.org/datasets/il/fmr99.html>.

In establishing this housing costs factor, the Department is requesting that fifty (50) percent of the allocation be calculated based on the housing costs for persons living with AIDS in the eligible communities. The Department would calculate this based on the FMR for that area (metropolitan area or balance of State area) times twelve months times the estimated number of persons living with AIDS for a measure of supporting housing assistance for all PLWAs during one year in the eligible communities. Funds would be apportioned based on each area's relative share of this total of all eligible areas. State grantees have unique service areas in receiving funds for areas in the State that are outside of qualifying metropolitan areas. While no one FMR exists for these "balance of State" areas, a composite FMR can be calculated. HUD would create a balance of State FMR based on the FMR for each county and metropolitan area in the State's service area and weight each by that area's population. The average of this weighted sum would constitute the FMR for these balance of State grants.

In recommending this new component for the HOPWA formula, HUD also recommends that the current bonus to areas with higher than average incidence be removed. The use of the estimate of persons living with AIDS and the housing costs for PLWAs would provide our best estimate of current needs of this population for the purposes of distributing funds. As noted elsewhere, a hold harmless clause is also essential to prevent disruption to current operating programs.

## **G. Additional Comments on AIDS and HIV Data.**

The Department is cognizant that the growing need for housing assistance by low-income persons living with HIV/AIDS is challenging all communities. The current statute allows for new areas to qualify for formula allocations and, over time, the number of HOPWA formula jurisdictions has increased from the original 38 recipients in FY92 to the current 97 recipients in FY99. However, future growth in the number of eligible jurisdictions is not likely to keep the same pace as in the past as the areas that could qualify by population and AIDS surveillance numbers are fewer in number. For example, the areas that receive formula funds, constitute 98 percent of the cases of AIDS reported to CDC, and 63 metropolitan areas out of a possible 100 that have a population of over 500,000 persons, have already qualified.

Based on relevant AIDS surveillance data for the FY2000 request, HUD has determined that four new metropolitan areas will meet the existing statutory criteria for eligibility for HOPWA formula funds, pending appropriations for that year. These areas are: Albany NY; Baton Rouge LA; Columbia SC; and Oklahoma City OK. In each case, the State has been a prior HOPWA formula grantee and, for FY2000, the State would be required to serve a smaller service area that does not include the counties that compose these metropolitan areas. If administrative provisions that continued the eligibility of prior State grantees is enacted for FY2000, as requested, the number of recipients of formula allocations would increase to 101, including 67 cities on behalf of their metropolitan areas and 34 States for areas outside of these qualifying metropolitan areas.

Another factor that affects eligibility of communities is relative changes in AIDS surveillance information. Recent advancements in AIDS drugs and treatments have resulted in smaller increases in the number of persons with HIV who transition in their illness and meet the definition of AIDS, based on t-cell counts and defining illnesses. This effect of treatment may continue to be evidence in surveillance information, although the long-term effects of these advancements is not yet known. However, AIDS surveillance information, under standardized nation-wide reporting, remains the most viable basis for targeting the allocation of funds to the population of persons in need. HUD also recognizes that many persons with AIDS have now died as a consequence of this epidemic. As noted in our recommendations, the Department has made use of CDC surveillance data to target HOPWA resources to communities to assist persons who are living with AIDS and the recommended changes in the formula will also serve that purpose and add stability to the program funding mechanism.

HUD also considered the availability of AIDS and HIV data to inform any recommendation on changes in the program formula. In conducting HUD's review, the Office of HIV/AIDS Housing initiated discussions with staff at the Centers for Disease Control and Prevention which collects AIDS surveillance data on a national basis and HIV surveillance data from jurisdictions that collect such information. The Office also consulted with staff at the Health Resources and Services Administration at HHS, which administers the Ryan White CARE Act. At HUD's request, CDC provided updated AIDS case data and

an estimate of the number of persons who are living with AIDS in each jurisdiction that receives funds under the HOPWA program. While HIV reporting is not available in all States, HUD reviewed possible scenarios involving changes in the formula that would base allocations on: (a) the CDC estimated number of persons living with AIDS; (b) on a cumulative number over the last three years; (c) on a basis of qualifying all States to receive funds; (d) on a basis of modifying or ending the bonus to metropolitan areas that have a greater than average incidence of AIDS among all metropolitan areas of over 500,000 populations; and (e) in using other factors, such as weighting allocations with fair market rents to help compensate areas that have higher costs housing as measured by FMR). HUD reviewed these options and provisions of the Ryan White CARE Act, including changes made to the formula used for that Federal program. While a number of these scenarios were provided in the March 1998 report, data on the CDC estimate of persons living with AIDS was obtained after that report was submitted. As noted in the December 1998 CDC report, "AIDS prevalence will remain the best measure of the impact of this epidemic." Accordingly, HUD recommends the use of an estimate of the number of persons living with AIDS, based on the best available CDC surveillance data, and to remove the use of incidence data for the HOPWA formula distributions.

HUD also considered changes in the threshold for eligibility, currently at 1,500 cumulative cases of AIDS in a metropolitan area of greater than 500,000 population and in areas of a State outside of any qualifying metropolitan areas. The FY98 and FY99 appropriations acts addressed grantee eligibility and authorized formula grants to five States that otherwise would not have retained their eligibility since the areas of the State outside the newly qualifying metropolitan area had fewer cases than the 1,500 case threshold (Delaware, Hawaii, Minnesota, Nevada, and Wisconsin qualified in FY99 on this basis and Wisconsin was made eligible in FY98).

In addition, under a change made in the Ryan White CARE Act in 1996, CDC provides estimates for allocation purposes for that program of the number of persons estimated to be living with AIDS. This statistical method is updated to use current reports on the number of persons not known to have died by year of diagnoses. Some participants also expressed concerns that the estimates may undercount the actual number of persons living with AIDS in their communities. CDC surveillance data is currently used in allocating program funds and the estimate for persons living with AIDS is used for a distribution of funds for the Ryan White CARE Act formula. In April, 1999, CDC published the *HIV/AIDS Surveillance Supplemental Report 1999; 5(No. 2)* which provided information on the Estimates of the Number of Persons Living with AIDS by State and Metropolitan Area, as of June 30, 1998. This supplemental report also provided a comparison of three methods used in providing these estimates.

The CDC report used:

- (1) Method I - Ryan White CARE Act formula which uses the counts of reported AIDS cases for the last 120 months, aggregated into ten 12-month periods, and applies a survival weight (cases minus deaths) for each of these periods to derive a total for a given State or metropolitan area.
- (2) Method II - Number of persons reported to be living with AIDS which uses the number of persons reported with AIDS who are presumed to be alive (includes persons whose vital status was reported “alive” as of the last surveillance update).
- (3) Method III - Adjustments for reporting delays which adjusts estimated AIDS data by a maximum likelihood statistical procedure for reporting delays and differences in reporting delays for geographic area, racial/ethnic, age, sex, vital status, and exposure categories are taken into account.

As provided in the attachments to this report, the CDC Table 4 provides a subtotal for each of these methods of the estimates of the number of persons living with AIDS as of June 1998 by state of residence and a total by method, which are: (1) 214,955 under the Ryan White method; (2) 261,308 under the number reported to be living; and (3) 284,659 under the adjusted for reporting delays method. The report also provides a percent for each data element in Table 4 and Table 5 provides this information for 54 metropolitan areas which receive CARE Act funds.

The Department has reviewed this information and notes that each the three methods used by CDC to estimate the number of persons currently living with AIDS could provide the statistical basis to distribute HOPWA program funds under a revised HOPWA formula in lieu of using cumulative AIDS cases, or an estimated of persons living with AIDS with weighted data similar to the Ryan White CARE Act provisions. However, it is noted that the data presented in Tables 4 and 5 do not directly match the geographic areas that are currently eligible as HOPWA recipients. For the 54 metropolitan areas described, data reflect current recipients of Ryan White CARE Act funds and do not provide a match to the 63 cities that are the eligible for grants currently allocated under the HOPWA formula. For example, 46 of the listed metropolitan areas are areas that also are current HOPWA grantees, 5 are areas that do not directly qualify for HOPWA formula allocations (Cagles, Dutchess Co., Ponce, Santa Rosa, and Vineland) and three areas are in New England and do not reflect the service areas used by HUD (as these NECMA are not primary metropolitan statistical areas). In addition, 17 current HOPWA formula recipients are not listed (Birmingham, Buffalo, Charlotte, Cincinnati, Columbus, Dover Township, Honolulu, Indianapolis, Memphis, Milwaukee, Nashville, Pittsburgh, Providence, Raleigh, Richmond, Rochester, and Wilmington). In addition, data on the 50 States and 3 areas (DC, PR, VI) listed in Table 4 do not reflect the service areas of the 34 States that currently receive HOPWA formula allocations (which are areas outside of the HOPWA eligible metropolitan areas). However, given these limitations, it is expected that data can

be provided by CDC that would match the HOPWA grant areas and it is likely that such data would not differ in any significant manner from data that is presented. In comparing the three methods, each evidence a somewhat consistent distribution for each recipient area. As noted, Method III which adjusts data for reporting delays, results in the highest case count.

In HUD's view, the use of this estimate of persons living with AIDS in connection with the other recommended provisions, could be successfully implemented to allocate HOPWA program resources in a beneficial manner. As provided in the draft legislative wording, HUD proposes to use a method that is similar to the current provisions of the Ryan White CARE Act (e.g. Method I), to estimate the number of persons who are currently living with AIDS. However, the Department is not adverse to further exploring the availability of data under the other two methods presented in the CDC report.

#### **H. Comments on Differences between HOPWA and Ryan White.**

The 1998 report also addressed a number of major differences between allocations made under the HOPWA program and the allocations made for health-care and supportive services under the Ryan White CARE Act, administered by HHS. HUD noted that the HOPWA statute, the AIDS Housing Opportunity Act, and the Ryan White CARE Act are different in many respects, including, program purposes, distribution mechanisms, the level of funding, grantee eligibility, planning requirements, and other factors. In addition, HUD administers the HOPWA program within the consolidated planning process as one of a number of program tools available to the recipient jurisdictions to address their needs. This integration of HOPWA with other HUD programs fosters coordination of resources, local assessments of needs in consultation with the public and long-term strategies to increase affordable housing and economic opportunities in our communities. The Department recognizes that the administration of the HOPWA program should continue to be distinguished from elements used in the Ryan White CARE Act programs.

Some aspects of the Ryan White program, if adopted in HOPWA, could also significantly alter the program and reduce the number of jurisdictions that receive funds. For example, if HOPWA formula eligibility was changed to require a 2,000 case eligibility standard over the last ten years in place of the current 1,500 cumulative standard, HUD estimated that, as a result, 21 of the 53 eligible metropolitan areas and 7 of the current 27 eligible States would have lost their qualification for a HOPWA formula allocation in FY97 and that most of the newly eligible jurisdictions in FY98 and FY99 would not have been eligible. Among the communities most effected by this one change in eligibility would be many of the medium sized cities and States that are beginning to operate AIDS housing programs that address the unmet needs of this expanding epidemic.

In the 1998 report, HUD noted that: "Under the current AIDS Housing Opportunity Act, many communities have undertaken planning efforts, contracted with providers and are now successfully operating AIDS housing projects, providing rental assistance, and offering other support to area residents. Many of these community

endeavors have reached capacity to use all the funds that are available to them under the existing formula-based allocations and any decrease would adversely affect clients who are now dependent on this housing assistance. The Department's review of the following differences between the programs has found that any change to the HOPWA formula has the potential to shift funding between communities, create additional instability or unpredictable results that would have the potential to disrupt the level of support that is needed to continue current efforts.”

## **I. Approved FY99 Formula Changes and Congressional Directives.**

As noted, HUD recommended technical amendments in the proposed FY1999 appropriations act and these amendments were approved by Congress. The approved changes: (1) allow for setting aside one percent of program funds for technical assistance to improve the performance of the program (i.e. up to \$2.25 million in FY99); (2) allow HUD to continue to provide formula allocations to five States that had previously qualified for the formula but would not have otherwise been eligible in FY99 due to the number of cases of AIDS in the areas of those States that are outside newly qualifying metropolitan area. This provision will allow for the continuation of AIDS housing programs in Delaware, Hawaii, Minnesota, Nevada and Wisconsin; and (3) to allow jurisdictions to assume responsibility for conducting environmental reviews of potential project sites. HUD recommends continuing these provisions. In addition, the FY98 Supplemental Appropriations Act authorized the State of New Jersey to administer the funds for the four counties in that State that are in the Philadelphia PA-NJ metropolitan statistical area. Prior to this change, the City of Philadelphia served as the grantee for funds throughout that metropolitan area. In addition, Congress approved the Administration's request for HOPWA, which provided a total appropriation of \$225 million, including a \$21 million increase (about 10% over the prior year). The Department appreciates the actions in approving these recommendations and the changes will have good benefit for the recipient communities and the clients who depend on this program for assistance during their time of difficulty with HIV and AIDS.

In FY1999, the Senate Appropriation's subcommittee requested that HUD submit to the Appropriations Subcommittee on VA, HUD and Independent Agencies “a review of the program, including costs and location of each project, including all component costs associated with bricks and mortar, supportive services, and administrative costs. HUD is also requested to submit legislative and administrative reforms designed to cap the costs of the program at current levels.” Similar wording appeared in the 1998 report and, as noted, HUD filed a comprehensive performance report on the HOPWA program in March 1998. Information on the most recent operating year has been collected from grantees and is provided in the other sections of this performance report.

The House subcommittee report “encourages HUD to review the HOPWA formula and to make appropriate recommendations for change. Under its current authorization, fund may not be distributed equitably to reflect current need. Furthermore,



problems with the formula frequently result in anomalies that require Congressional intervention to correct.”

The FY99 Conference Committee report on the FY99 Appropriation Act included a directive from Congress for “a re-examination of the program—particularly its formula for distributing funds...on better measures of relative current need...so as to address the highest priority needs and reward the best performing programs.” The report noted that “conferees are not at all confident that budgetary conditions will allow future funding to keep pace with the annual increase in eligible jurisdictions...conferees are concerned that the present system cannot be sustained without annual appropriations increases larger than can be realistically expected.” The report also noted issues with the use of cumulative cases, how the bonus adds instability to the formula, and that a more permanent solution is needed in place of temporary grandfather amendments to keep certain states in the formula. The report also suggested that HUD consider “whether a competitive element should be introduced so as to channel some extra funds to areas with particularly well developed and successful programs.”

#### **J. Continued Use of HOPWA Competitions and Renewal of Non-Formula Grants.**

HUD has considered the suggestion for additional competitive elements in the HOPWA program and does not recommend changes at this time. Current processes are aimed at the goal of helping communities achieve the highest levels of performance with these program funds, including all recipients of formula allocations and competitive awards. The use of technical assistance, consolidated planning, information technology, community consultations and other initiatives are directed toward this common purpose in designing, operating and evaluating programs to ensure responsiveness and good management.

HUD notes that the current allowance for using ten percent of the annual appropriation for competitive awards has resulted in the selection of a number of model projects, including some that evidence innovations, in addressing needs. HUD recommends that the competitive component be continued as currently authorized to allow the most exemplary projects to be selected and to select projects in the remaining areas of the nation that do not qualify for formula allocations. HUD considered adding the 17 States that did not qualify for formula allocations in FY99, but the effect through the formula would have resulted in only minimally sized grants, based on AIDS surveillance data in these jurisdictions. For example using FY98 data sources, nine of these States would have qualified for a grant in the range of \$155,000 to \$268,000, and eight States would have received grants ranging from \$19,000 to \$87,000. Data on grants to the Virgin Islands, Guam and the Pacific Islands were not specifically included in this test but these grant sizes can be estimated to be in the smallest range based on our review of data from CDC. By comparison, in the FY98 HOPWA competition, HUD selected six exemplary projects in these non-formula areas and the maximum grant size available was \$1,150,000 to be used over a three year period.

The Department is mindful that the competitive process is the only source of HOPWA funds in these non-formula communities and the Department has ensured that grants in these areas are selected, under the requirements of the HUD Reform Act in conducting competitions. In the 1998 competition, four projects were awarded funds under the category of assistance that is targeted to the non-formula areas, as projects that are part of Long-term Comprehensive Strategies for providing housing and related assistance to persons living with HIV/AIDS and their families. These grants were in Maryland, New Hampshire, Vermont, and West Virginia. In addition, projects in New Hampshire and New Mexico for Special Projects of National Significance, were designed to serve non-formula areas. Six of the 20 projects selected in this competition address needs in non-formula areas, and the new grants will provide almost \$5.4 million, for over 25 percent of the awards made in this competition, to be used in these areas over three years. For comparison purposes, the number of cases of AIDS in these areas constitute 1.7 percent of the total on a nation-wide basis and 1.7 percent of the program appropriation in 1998 would be about \$3.5 million.

In addition, HUD has revised the selection criteria, over time, to include a review of the need to renew grants that had been awarded funds in prior competitions. For example, the HOPWA section of the current 1999 Super NOFA provides that: “HUD will award points ... if you propose to continue the operations of HOPWA funded activities that have been supported by HOPWA competitive funds in prior years and that have operated with reasonable success. To receive the highest ratings in this factor, you must describe what unmet need would result if funding for the project was not renewed and describe your efforts to secure other sources of funding to continue this project. You must also show that you operated with reasonable success and your previous HOPWA-funded activities have been carried out and are nearing completion of the planned activities in a timely manner. You must also show that timely performance reports were provided and that benchmarks, if any, in program development and operation have been met, and that the number of persons assisted is comparable to the number that was planned at the time of application.” In past competitions, a number of the grants involving renewals were selected for award based on their responsiveness to the rating criteria in that competition. In some cases, activities such as acquisition of a site, would not be renewed, although a request for operating costs or related supportive services may be involved.

In the last two national competitions (1997 and 1998), HUD received a total of 181 applications and, based on the amount of funds available, HUD selected the top rated proposals for funding in 47 selected grants. Of these totals, 24 applications were for projects in areas that did not receive formula allocations and 14 of these applications were generally renewal requests. In the two competitions, HUD selected nine long-term projects for funding, and five of these were essentially a renew of a prior grant. The five renewal projects in the 1997 competition that were not selected in that year requested at total of \$4,098,658. However, these projects can be considered to have been successful in 1998, as three areas newly qualifying for formula awards and two projects were in the 1998 competition, following their submission of a new application (which may have involved significant improvements to their proposals). In the 1998 competition, one other

renewal was selected, and three other projects that were not in the highest rated group of applications, involved renewal requests in non-formula areas. One of these areas is now eligible for formula allocations in 1999 and the remaining two would be eligible to apply under the 1999 competition. These three 1998 applications requested a total of \$2,757,711 in funding. In notifying applicants on their non-selection, HUD offers to provide the applicant with a debriefing on the results of the competition and the findings of the review panel in how that application was responsive to the published rating criteria. However, HOPWA competitions have proven to be highly competitive and in 1998, the selection of the top rated 20 projects for the \$20.15 million available to be awarded, represented about 27 percent of the total request for funding from all applicants in that year. Similarly, the 1997 competition awarded funds to the top 23 percent of requests made in that year. The Special Projects of National Significance grants may also apply for new funds, and, most of these projects are in formula recipient areas and might also qualify for funds through the recipient States and cities.

The HOPWA competition provides a means to identify demonstration projects that help raise the standard for all housing assistance provided in this one program. It is our expectation that these projects will serve as models for other communities and help to expand our knowledge of beneficial efforts that address the housing needs of persons who are living with HIV/AIDS and their families in facing the challenges of this epidemic. In the case of projects in non-formula areas, the competition also allows these projects to compete in a pool of applicants that have similar issues, smaller population states or non-metropolitan areas of states that may not have the most extensive AIDS care infrastructures. Although the statute does not address renewal of existing competitive projects, HUD considers prior performance and in the FY98 and FY99 competitions has added a specific rating criteria on renewal of grants. In HUD's view, the competitive selections under this part of the program appropriation have been successful in identifying and supporting the most exemplary projects which augment the resources made available by formula allocations. In addition, the selection of projects through this process complies with the requirements of the HUD Reform Act and the selected projects are those which are documented by findings of the review panel to be the most responsive to the published selection criteria. Each of the projects selected in the more recent competitions, 1995-1999, are described in the attached executive summaries of HOPWA programs, listed by State.

HUD recommends that the competitive component of the HOPWA program be retained as currently authorized. As described, the use of these funds (ten percent of the appropriation), complement the formula program in selecting model projects and a number of projects in non-formula areas, and encourage good performance in all programs by demonstrating well designed, collaborative and responsive efforts in serving HOPWA-eligible clients.

#### **K. Scope of Potential Allocation Shifts.**

In preparing these recommendations, HUD also tested available data on potential formula changes. One test involved a hypothetical switch of the FY99 allocation based on a CDC estimate of persons living with AIDS without a hold harmless provision. Based on available information, HUD used CDC data for an estimate of the number of persons living with AIDS reported during the five years 1993-1997 as the most relevant data source and used this data in place of the actual FY99 allocations. Based on this hypothetical test, 16 of the 97 eligible jurisdiction would have been subject to a decrease in their allocations, including three that might have been cut by over 30 percent and another six cut by over 20 percent. It is important to note that this test removes the bonus awarded to metropolitan areas with the higher-than-average incidence of AIDS, which currently constitutes 25 percent of the amount allocated by formula; the actual FY99 bonus amounts are shown in Chart 2, below, and this part of the allocation can be compared with Chart 1 which shows the amount of the potential reduction in these grants by amount (in thousands) and percentage of the grant. Absent mitigating provisions, many of these communities would face sever difficulties in accommodating this size reduction and these communities are also many of the areas that have the highest levels of needs and number of persons living with AIDS. As noted in our recommendations, any change should be reviewed for its disruptive potential and this test was only undertaken to better inform these considerations and the results would not be identical once actual data is collected for the relevant time periods.

**Chart 1. Test Example of Potential Reductions (Cuts from Actual FY99 if PLWA data is used and no Bonus for High Incidence)**

Jurisdiction	Test \$ cut (in 000s)	% cut of FY99 amt.	Jurisdiction	Test \$ cut (in 000s)	% cut of FY99 amt.
New York City	- 17,578	-36%	Jersey City	-485	-21%
San Francisco	-2,758	-32%	Wash. DC	-455	-7%
Miami	-1,964	-23%	New Haven	-329	-27%
San Juan	-1,764	-30%	Baltimore	-290	-6%
Houston	-1,574	-24%	New Orleans	-182	-9%
Newark	-1,316	-23%	Las Vegas	-118	-9%
Ft. Lauderdale	-815	-19%	Hartford	-58	-4%
W. Palm Beach	-524	-20%	Orlando	-25	-1%

Note: The 16 metropolitan areas shown are selected as the only areas out of 63 metropolitan areas and 34 States that register reductions under this test.

**Test Example of Potential Reductions** This chart shows a test on one formula change from Actual FY99 allocations to a hypothetical use of data on persons living with AIDS (5 year weighted numbers) as the basis for allocating all formula funds. The list below only shows those jurisdictions that would hypothetically receive a smaller amount, if this type of PLWA-only data was used in place of cumulative data and the award of funds to those metropolitan areas that have a higher than average incidence of AIDS. The \$ Cut and % Cut are for these areas and the Bonus \$ shows the actual amount that was awarded due to the higher-than-average incidence bonus in FY99 to these selected communities. This

comparison highlights the point that removal of this bonus would be the most significant change and that moving from cumulative cases to PLWA cases would have a much smaller impact on current allocation levels.

**Chart 2. Amount of FY99 Bonus to Areas with Higher-than-Average AIDS Incidence (25% of the total Formula Allocation) Selected Recipients**

Jurisdiction	High Incidence Bonus \$ (in 000s)	Jurisdiction	High Incidence Bonus \$ (in 000s)
New York City	24,369	Jersey City	885
San Francisco	2,507	Washington DC	2,032
Miami	3,654	New Haven	631
San Juan	2,797	Baltimore	1,970
Houston	2,616	New Orleans	653
Newark	2,311	Las Vegas	599
Fort Lauderdale	1,712	Hartford	595
West Palm Beach	1,154	Orlando	606

Note: The 16 metropolitan areas shown are selected as the only areas out of 63 metropolitan areas and 34 States that register reductions under this test in Chart 1 and amounts are shown for comparison with Chart 1.

This hypothetical test illustrates the potential impact of changing the formula to one estimate of persons living with AIDS, if no guaranteed minimum is used or some other factor that continues the effect of the higher-than average incidence bonus. However, If the program was increased by the requested seven percent in FY2000, it is likely that some of the smaller impacted communities would not face program decreases and that the scale of others would also be reduced by about that same percentage. In addition, this test may also show that any use of the minimum allocation guarantee would be in the case of the ten cities that register the largest percentage decreases in this test, all of which are metropolitan areas with a high impact from AIDS. However, these estimates are subject to change based on actual surveillance data that will be collected for the appropriate periods and the actual level of the appropriation.

In addition, the part of the formula that allocates 25 percent of the formula amount to the metropolitan areas with a higher-than-average incidence of AIDS has proven to be the most unstable part of the formula in allocating funds on a year-to-year basis. The attachments show the actual distribution of this part of the formula. This chart illustrates that some communities are affected by significant changes in funding due to this factor. In most cases, these areas are near the average incidence number and qualify in some years and not others based on changes in AIDS statistics in those areas. In addition, in FY99, only 22 of the currently-eligible 63 metropolitan areas qualify for this bonus in allocating \$50.1 million in formula funds. This incidence bonus has been the underlying cause of often large changes in a jurisdiction's grant size on a year to year basis that has occurred in some areas due to changes in one year AIDS surveillance data that have been reported in some communities. For example, in FY98, the City of Los Angeles qualified for the

high incidence bonus and shared in this factor with a addition to their grant of \$1.7 million. In FY99, the cognizant AIDS surveillance data showed new cases but in a number that was about 1,300 fewer than the number of new cases reported in the data for the FY98 allocation. This change in statistics, while the number of HOPWA-eligible clients was increased in the City, resulted in a incidence rate that was lower than the average for that year and the City did not qualify for this factor in its allocation. On this basis, the FY99 Los Angeles grant was \$1.7 million smaller than that received in FY98. The removal of this factor and the use of the recommended formula changes would mitigate against these swings in grant funding from year to year.

#### **L. HUD's Recommendations for Formula Changes.**

**The Department offers the following four additional recommendations to enhance the effectiveness of the HOPWA program in addressing pressing needs in our communities, if adequate resources are made available to mitigate the impact of these changes in certain communities.** These changes are intended to be responsive to the comments made by Congress in recent committee reports, although the exact effects will not known until AIDS surveillance data is collected for the respective periods for each annual appropriation. With adequate resources, these recommendations are consistent also with HUD's four criteria that were addressed in the report in 1998, that changes (1) improve and not disrupt the existing funding stream; (2) encourage the highest levels of performance; (3) result in allocating expanded resources to meet pressing current needs; and (4) help ensure program accountability by expanding the existing capacity of programs.

In brief, HUD's recommended changes to the HOPWA formula would: allocate funds to all existing grantees and give each grantee the higher of:

(I) in distributing 80 percent of formula funds, the sum of: (a) an amount based on likely clients, if 50% of the formula is apportioned based on PLWA cases (weighted 5 year CDC data) and (b) an amount on area housing costs for these likely clients, if 50% is apportioned based on housing costs (FMR x 12 x PLWA);  
or

(II) the grantee's hold harmless number (which is the average of their actual FY98 and FY99 grants);

Provided that a prorated adjustment is made to fit this total into the amount available to be allocated. The distribution of 80 percent of the formula amount under item (I), will essentially reserve about 20 percent to accommodate the need for the hold harmless base-line amount. In addition, the hold harmless could be phased out over five years, either by the appropriation of larger amounts for this program or by reducing the amount reserved for the hold harmless adjustment. The hold harmless reserve could be set to 15 percent in second year of the new formula. In the third year, this provision would be set at 10 percent and in the fourth year, 5 percent. In the fifth year, the reserve would be

removed. From year six, no hold harmless element would be used . Further, an eligibility change to a threshold of 1,500 cases of AIDS over the most recent ten year period, would reduce or eliminate the number of new communities that qualify for formula funds.

These recommendations are detailed in this section. The changes would revise the current statute in order to create a higher degree of stability in annual formula allocations. This could be achieved if the statutory formula was revised in order to:

**M. Allocate funds based on the number of persons who are living with AIDS and the housing costs in that area.**

HUD recommends using AIDS surveillance data from CDC on the estimated number of persons living with AIDS (PLWA) as the basis for the revised HOPWA formula in order to allocate funds to current needs. This surveillance information would allow the targeting of Federal assistance to communities in proportion to this measure of the impact of AIDS in these communities. The new formula would allocate funds to each of the qualifying cities and States based on current AIDS surveillance information collected by CDC throughout the nation and adjusted to represent persons currently living with AIDS. Fifty (50) percent of the formula allocations would be made based on the area's relative share of this number.

Under this proposal, HUD would request that CDC provide surveillance data that could be used to provide an estimate of PLWA in each HOPWA-eligible formula jurisdiction. HUD would use cumulative AIDS surveillance data collected, over the last 60 months (five years) for which data is available, and adjust this data by a national number that represents the number of such persons known to be living, from each year of diagnoses. The HOPWA formula would use the same point in time for data that CDC provides to HHS in order to administer the Ryan White CARE Act program, with data current as of June 30 of each year. If approved for the next requested HOPWA appropriations in FY2000, the data would be information collected by CDC through June 30, 1999. The proposed use of data from the most recent five years (as opposed to ten years) would avoid use of CDC data collected in 1993 and the first half of 1994, which includes data collected during a period when communities first began reporting on cases under the revised definition of AIDS. The use of the most recent five-year data could provide a solid basis on which to allocate funds to meet current needs in the community. The information provided by CDC could also coincide with the current schedule for the publication of surveillance data by CDC on an annual and mid-year basis.

The remaining fifty (50) percent of the allocation would be calculated based on the housing costs for persons living with AIDS in the formula-eligible communities. The Department would calculate this based on the FMR for that area (metropolitan area or balance of State area) times twelve months times the estimated number of persons living with AIDS to calculate each communities relative housing costs for this population. This part of the formula would apportion funds based on the areas relative share of the total for housing costs in all eligible communities. The balance of State FMR would be calculated

based on a population weighted sum for the counties and metropolitan areas in that State that are outside the HOPWA-eligible metropolitan areas.

**2. Use a modified two-year average from FY98 and FY99 as the base-line to hold harmless grants, in place of the higher-than-average incidence bonus.**

HUD recommends the use of a mitigating provision to replace the formula factor that awards 25 percent of funds to the metropolitan areas that have a higher-than-average incidence. As illustrated in the attachments, the incidence factor has been the most variable and unpredictable part of the formula which has resulted in large changes in grants to some communities. To achieve relative stability in the year-to-year allocations, HUD recommends replacing the incidence factor with a modified hold harmless provision in determining the grant amount.

The use of a hold harmless provision would help mitigate against potential large decreases from the current levels of funding for a number of the current recipients. This recommendation can best be implemented at a time when the program's appropriation is increased. For example, if implemented in FY2000, the approval of an increase of \$15 million that is requested in the FY2000 budget would help accommodate changes to allocations. If the program is flat-funded in the year a new formula is used or funding is reduced, the hold harmless provision could significantly affect allocations and flatten all awards. In order to calculate the base amount, HUD proposes to use an average of the FY1998 and FY1999 allocations as a base-line for the resources that are currently in use by each formula grantee. This base-line is about five percent lower than the actual FY1999 amounts, as the 1999 appropriation was increased by \$21 million to a total of \$225 million. This increase was about ten percent greater than the 1998 appropriation of \$204 million. The use of the two-year average would also help mitigate against the use of the variable one-year incidence data under the bonus to the high-incidence areas. Also, in applying for their 1999 allocations, grantees must consult, plan and draft the jurisdiction's Consolidated Plan, it is likely that recipients are not yet operating their programs at the higher level of funding but would do so in future years. HUD expects that HOPWA grantees undertake activities over a three-year operating period for these funds. The average of these allocations is provided in the attachments. The average is adjusted in those cases where a city or state is newly eligible for an allocation in 1999 or a prior State grantee has a reduced service area due to a newly qualified city in that state. In these cases, the 1999 allocation is used as the hold harmless base-line. If implemented in FY2000 at the requested budget, the new formula would distribute \$213.8 million under the formula out of \$240 million that would be appropriated.

The recommended formula would give each grantee the higher of:

(I) in distributing 80 percent of formula funds, the sum of: (a) an amount for that area in distributing 50 percent of funds based on the number of persons who are estimated to be living with AIDS in their area (the PLWA cases are derived from the weighted 5 year



CDC data) and (b) an amount for that area in distributing 50 percent of funds based on housing costs (area FMR x 12 months x number of PLWA); or

(II) the grantee's hold harmless base-line amount, (which is the average of the sum of their FY98 and FY99 grants, except in the case of new grantees in FY99 and the State grant for this area in FY98, which use the FY99 amount).

In the case that the total of all of these amounts, as determined above, does not match the amount to be allocated in total, the amount for each grantee would be subject to a prorated adjustment in order that the total of all grants match the allocation amount; the proration would be downward, if this total is in excess of the available allocation; or upward, if this total is less than the amount available. The distribution of 80 percent of the formula amount under item (I), will essentially reserve about 20 percent to accommodate the need for the hold harmless base-line amount.

In addition, the hold harmless provision could be phased out over five years, either by the appropriation of larger amounts for this program or by reducing the amount reserved for the hold harmless adjustment. The hold harmless reserve could be set to 15 percent in second year of the new formula. In the third year, this provision would be set at 10 percent and in the fourth year, 5 percent. In the fifth year, the reserve would be removed. From year six, no hold harmless element would be used and allocations could be made based on the estimated number of persons living with AIDS and the housing costs of this population. However, as noted, in future years, HIV surveillance information may become a standard for measuring needs associated with this epidemic and that information should be reviewed for this purpose.

A test of this formula is provided in the attachments, although it is hypothetical and is provided to help inform this discussion only. Given the nature of the statistics from specific periods of time, the data elements used in this test do not reflect the relevant data that would be collected for the actual allocation. For example, if new jurisdictions become eligible in future years, the two year base-line would not be used for that new jurisdiction. Two other exceptions would be made: where the State's service area has been reduced due to a new city qualifying as a formula grantee in FY2000 or later; and in cases where the definition of the metropolitan area is changed. An adjustment to these minimums would also be made in the case that the overall program appropriation were also smaller.

With these recommended changes, HOPWA formula allocations to each area would reflect the number of persons who are living with AIDS, as estimated by CDC, and area housing costs for persons living with AIDS in those areas. In addition, the higher-than-average incidence factor would be removed and current grantees would receive a minimum guarantee on their prospective allocations that is based on current funding levels and phased out over five years. In the sixth year, the entire program formula would be based on the number of persons who are living with AIDS and their housing costs. As noted, if HIV surveillance becomes available on a standard nation-wide basis, the formula could be revisited to use that relevant data for the larger population of persons who may

be eligible for HOPWA assistance. In addition, the annual appropriation process would determine the level of resources needed to maintain current grant programs and address needs. Any program increases would depend on these Federal policy deliberations, including actions to provide increases that would reflect growing needs.

### **3. Retain eligibility for all current grantees with some allowance for new grantees.**

HUD recommends keeping formula eligibility for all the currently eligible cities and States, and any that become eligible in the future, by adding a clause that maintains eligibility for any prior recipient of a formula grant. Additional jurisdictions could qualify if they meet revised higher thresholds: (a) that the area is a metropolitan area of 500,000 population or greater, or that the area is that portion of a State that is outside of any qualifying metropolitan areas; and (b) that the qualifying area have at least 1,500 reported cases of AIDS in the last ten calendar years (in lieu of the current use of cumulative data since 1982). When a metropolitan area newly qualifies, the existing State grant would continue to be eligible under the first sentence, although the service area and funding level would be decreased accordingly. The use of ten year data, in place of cumulative data, will significantly reduce and may curtail any new jurisdiction from qualifying for the formula allocation. The use of AIDS surveillance data from ten calendar years is similar to the data sources used in the Ryan White program. HUD expects that the calendar year data can be obtained from CDC in a manner that will allow the Department sufficient time to notify new formula recipients of their pending qualification in advance of the actual allocations. This early notification has helped new grantees begin planning and startup efforts in their communities.

### **4. Allow some limited administrative flexibility in designating the grantee.**

HUD recommends adding limited flexibility in designating the jurisdictions that administer these grants, in order to mitigate against anomalies and help ensure good administration. The formula allocation would continued to be awarded to: (a) the largest city in a metropolitan area of over 500,000 population, and (b) the State for areas of the State that are outside of any qualifying metropolitan areas; provided that (c) the Secretary is allowed to make an adjustment to a designated grantee, if the adjustment is requested by the concerned jurisdictions, or if needed in the public interest. The Secretary would designate a new recipient for a formula award, or a part of an award, at the request of the city or State and with the agreement of their designated replacement to serve as the grantee. For example, this allowance could also continue the authority established in the Department's FY98 supplemental appropriation act, in the case of the Philadelphia PA-NJ Primary Metropolitan Statistical Area, in administering grant funds in the New Jersey part of this metropolitan area in FY98 and FY99. HUD could recognize a request from the State of New Jersey and the City of Philadelphia to continue to allow the State to administer funds for the four New Jersey counties that are in this metropolitan area.

The revised formula would also allow the Secretary to amend the designation of a formula grantee, if the Secretary determines that the public interest warrants this revised

designation of the State or city which is qualified to receive the allocation, due to serious uncorrected failures by that jurisdiction to carry out responsibilities for the management and timely use of funds. This action would be taken only after a notice is provided to the jurisdiction to correct efforts and an opportunity to appeal. In this situation, the Secretary would be authorized to designate another jurisdiction in that area to serve as the grantee. The Secretary would also be authorized to designate another grantee if the originally designated jurisdiction refuses or does not accept the allocation within one year of the date of the appropriation, to ensure that the qualifying area receives its allotment of funds from this program. As another technical adjustment, in the case that a grantee carries out program activities directly, in lieu of a project sponsor, the standard on administrative cost limits that apply to a sponsor will also apply. In this case, the amount of administrative expenses available to the grantee shall allow up to 7 percent of the amounts received for these activities for administrative costs.

#### **N. Recommended Statutory Changes.**

The AIDS Housing Opportunity Act, 42 USC 12901, could be amended at Section 12903(c), Allocation of Resources, to read:

**(c) Allocation of Resources.** The Secretary shall allocate the amounts approved in appropriation acts for the purposes of this title, as follows:

**(1) Technical Assistance.** The Secretary may use up to one percent of the funds under this heading for technical assistance.

## **(2) Formula Allocations.**

(A) Eligibility to Receive Allocations. The Secretary shall allocate 90 percent of the funds that remain after designation of funds under paragraph (1) among States and cities whose most recent comprehensive housing affordability strategy (or abbreviated strategy) has been approved by the Secretary under section 12705 of this title. Such amounts shall be allocated to the following eligible areas for which there has been reported to the Director of the Centers for Disease Control and Prevention a cumulative total of more than 1,500 cases of acquired immune deficiency syndrome (AIDS) for the most recent period of ten calendar years for which such data are available:

- (i) cities that are the most populous unit of general local government in a metropolitan statistical area that have a population greater than 500,000; and
- (ii) States with more than 1,500 cases of acquired immune deficiency syndrome outside of metropolitan statistical areas described in clause (i); and
- (iii) notwithstanding any other provisions of this section, a city on behalf of its metropolitan area or a State for areas outside of qualifying metropolitan statistical areas that was eligible under this part in any prior fiscal year is eligible.

(B) Estimate of Living Cases. In allocating amounts under paragraph (C) to qualifying areas, the Secretary shall use a distribution factor that is an amount equal to the estimated number of living cases of persons with AIDS in the eligible area. The Secretary shall obtain the estimate of living cases of persons with AIDS for each qualifying area from the Director of the Centers for Disease Control and Prevention. The estimate of living cases shall be the number equal to the product of: (i) the number of cases of AIDS in the eligible area during each year in the most recent 60 month period for which such data are available with respect to all eligible areas, as indicated by the number of such cases reported to and confirmed by the Director of the Centers for Disease Control and Prevention for each year during such period; and (ii) with respect to

- (I) the first year during such period, 0.29;
- (II) the second year during such period, 0.41;
- (III) the third year during such period, 0.55;
- (IV) the fourth year during such period, 0.71; and
- (V) the fifth year during such period, 0.83.

The yearly percentage described in subparagraph (ii) shall be updated biennially by the Secretary after consultation with the Centers for Disease Control and Prevention. The first such update shall occur prior to the determination of grant allocation amounts under this section for fiscal year 2001.

- (C) Allocations. The Secretary shall allocate funds to a State or city that is eligible under paragraph (A) in an amount that is the higher of:
- (i) the sum of the two allocation factors based on: (a) fifty percent of the amount being allocated to eligible areas based on each area's relative share of the number of persons living with AIDS, as determined in paragraph (B); and (b) fifty percent of the amount being allocated to eligible areas based on each area's relative share of housing costs for persons living with AIDS. The Secretary shall determine the housing cost factor by using the published fair market rent for that area and the estimated number of persons living with AIDS in that area and multiplying these numbers times twelve months. A State fair market rent for this calculation would be based on an average fair market rent that is determined by the population and fair market rent in each county and metropolitan area in the areas of the State that are outside of metropolitan areas that are eligible under paragraph (A); To provide for a reserve of funds for provision (ii), in fiscal year 2000 the amount under subsection (i) shall be multiplied times 80 percent; In fiscal year 2001 the amount under this subsection shall be multiplied times 85 percent; In fiscal year 2002 the amount under this subsection shall be multiplied times 90 percent; In fiscal year 2003 the amount under this subsection shall be multiplied times 95 percent; and in fiscal year 2004 at 100 percent; or
  - (ii) a modified hold harmless amount that is equal to the average of the allocations that a qualifying city or State received in fiscal years 1998 and 1999, except as follows: a city which received an allocation on behalf of a metropolitan area that newly qualified in fiscal year 1999, a State that newly qualified in fiscal year 1999, and a State in which a whose allocation service area was reduced due to the new qualification of a metropolitan area in fiscal year 1999, for which the minimum shall be the amount of the jurisdiction's fiscal year 1999 allocation. This provision will not remain in effect for fiscal year 2005 and subsequent years;
  - (iii) provided however, that the Secretary is authorized to make a prorata adjustment in the calculation of these amounts to the degree that the sum of these amounts determined under (i) or (ii) for the eligible jurisdictions is greater or less than the total amount of formula funds to be allocated. Notwithstanding any other provision of this paragraph, the minimum allocation provision does not apply to a city for which the OMB-approved definition of its metropolitan statistical area is reduced in size. Also, notwithstanding any other provision of this paragraph, if an annual appropriation for the purposes of this title is smaller than the appropriation made in fiscal year 1999, the minimum allocation

percentage shall be adjusted in proportion to the degree that the appropriation is smaller than the fiscal year 1999 appropriation.

(E) Administration of Allocations. For the purposes of administering an allocation, the Secretary may revise the designation of the recipient of an allocation or, if already obligated, deobligate or recapture and reassign any unexpended portion of an allocation for any area based on the following circumstances: (i) the State or city which is qualified to receive the allocation under paragraph (A) requests a new designation or reassignment with the concurrence of the State or unit of local government that will serve as the designated recipient of this allocation, or a part of their allocation for areas in another State in the case that a metropolitan area includes areas in more than one State; (ii) the State or city which is qualified to receive the allocation under paragraph (A) either does not apply for this allocation or does not qualify for the allocation in the absence of an approved comprehensive housing affordability strategy (or abbreviated strategy) within twelve months of the notice of availability of these funds; and (iii) the Secretary determines that the public interest warrants a new designation or reassignment due to serious uncorrected failures by the State or city which was qualified to receive the allocation to carry out responsibilities for the management and timely use of funds under this part. The Secretary's finding would be made after notice to the jurisdiction, including an opportunity to appeal. A State or unit of general local government is eligible to receive an allocation under this paragraph if the jurisdiction's most recent comprehensive housing affordability strategy (or abbreviated strategy) has been approved by the Secretary under section 12705 of this title. In the case that a grantee carries out program activities directly, in lieu of a project sponsor, the amount of administrative expenses available under Section 12905 of this title shall allow up to 7 percent of the amounts received for these activities for administrative costs.

### **(3) Non-Formula Awards.**

The Secretary shall award 10 percent of the funds that remain after designation of funds under paragraph (1) among States, units of general local government, and nonprofit organizations that undertake activities that are consistent with the jurisdiction's most recent comprehensive housing affordability strategy (or abbreviated strategy) that has been approved by the Secretary under section 12705 of this title. The Secretary shall consider unmet needs, program responsiveness and coordination with related resources for beneficiaries under this part, in selecting awards for:

- (A) projects that serve areas that do not qualify for formula allocations under paragraph (2);
- (B) projects that serve as Special Projects of National Significance, that provide exemplary or model features and may evidence innovation in the planning, operation and/or evaluation of programs of housing assistance and related services for beneficiaries under this part.

Note: One other approved administrative provision in the FY99 appropriation act, which authorizes State and local governments to assume responsibility for conducting environmental clearances, should also be enacted on a permanent basis.

#### **N. Anticipated Beneficial Effects of these Changes.**

With adequate resources, these four changes are expected to result in a formula distribution of HOPWA funds that reflect current needs and enable the recipient communities to address pressing housing needs for persons living with HIV/AIDS and their families in their area. The new formula would be based on current data on the number of persons estimated to be living with AIDS and on the relative housing costs for providing rental assistance to this client population in the recipient areas. The revised formula is expected to benefit those communities with increasing needs associated with the HIV epidemic and housing costs. The revised formula, including the modified hold harmless provision, is also expected to help the cities, that received higher-than-average incidence bonus, maintain programs at about their current level of funding, pending approval of annual appropriations in similar or greater amounts. These cities would temporarily benefit under the modified hold harmless provision that will base their grant size on the average of their grants in FY98 and FY99, as phased-out over five years. Except as noted for the modified hold harmless provision, the revised formula would allocate funding to areas in proportion to current needs as measured by the CDC estimate of the number of persons who are living with AIDS in that metropolitan area or State and the relative costs of providing housing assistance to persons living with AIDS in these areas, based on area fair market rents. The change would drop use of cumulative data from the beginning of reporting on AIDS and avoid use of data collected in the 1993-4 period just after the definition of AIDS was changed. The change in eligibility thresholds to a ten year period, versus cumulative, is expected to reduce the number of new grantees that qualify for formula allocations and may result in no new area meeting threshold qualifications in the next few years. Existing State grantees would not be subject to changes in their service areas as no new metropolitan area would likely cumulate 1,500 cases in any ten year period, based on current data and recent trends.

Under the revised formula, any program increases that are needed to address overall growing needs for housing assistance could be determined in budgetary decisions in setting the level of program appropriations for that fiscal year. For example, in FY2000, the Administration has proposed a budget of \$240 million, a \$15 million increase over the FY99 appropriation of \$225 million; this increase, if enacted, would allow for a general program-wide increase of about seven percent, with those communities that have relatively greater current needs, as measured by the CDC estimates of persons living with AIDS, and programs with relatively less need on this basis being covered by the guarantee for continued funding at the average of their prior two years of HOPWA grants. HUD expects that the removal of the high incidence bonus, in the 22 metropolitan areas with higher-than-average incidence, would reduce the potential for unforeseen variations in grant size and move towards greater equity in allocations based on the number of persons living with AIDS in each area.

The Department tested this formula with currently available data and provides the following hypothetical information on how this revised formula and a related alternative would affect many recipients. The chart in the attachments illustrates those recipients that could be subject to reductions from current allocations (generally due to the removal of the higher-than average incidence bonus) if the new formula were implemented with current data and at the level of the fiscal year 1999 appropriation. It is noted that four areas received proportionately large increases in their FY99 allocations; this relative change was due to the high incidence bonus factor in that one year and the FY99 grants were increased in New Haven (by a net \$422,000, a 68 percent increase over the prior year) , in Las Vegas (by a net \$599,000, a 119 percent increase over the prior year), in Hartford (by a net \$564,000, a 90 percent increase over the prior year), and in Orlando (by a net \$575,000, a 66 percent increase over the prior year) due largely to this bonus effect. In our experience with this variable, it is unlikely that the bonus for these four communities would remain at this high level in the subsequent allocation year and the modified hold harmless provision helps to reflect the relative need in the areas.

In HUD's view, the proposed changes would reset the HOPWA formula to measures of current need. In addition, it would keep the number of grantees almost constant, maintain stability in grants, allow any additional funds to address current needs, and allow the Department to make minimal changes in designating the grantee or ameliorating technical situations in the public interest. The competitive component would remain intact and exemplary projects in these communities could seek additional funding as Special Projects of National Significance or, in the remaining non-formula areas, with sufficient funding to be viable. The rewording of the non-formula provisions would also allow nonprofit organizations to apply directly for grants to serve non-formula areas and not continue to restrict this category of grant to States and local governments. The wording would also specify the criteria that would be considered in awarding funds to applicants that best address: unmet needs, program responsiveness and coordination with related resources for beneficiaries for all types of grants. For projects that serve as Special Projects of National Significance, HUD would also consider the application's exemplary or model features and how it evidences innovation in the planning, operation and/or evaluation of programs of housing assistance and related services. These criteria have been used in recent competitions and would continue to serve as a useful basis to select projects for funding. The other approved administrative provision in the FY99 appropriation act, allowing State and local governments to conduct environmental clearances should also be enacted on a permanent basis.

These recommendations are reviewed under the four criteria for any formula change that are used in this 1998 report. For these reasons, assuming an adequate level of funding, the Department believes that these recommendations would prove to be feasible in maintaining current programs and allocating new resources to areas based on current needs. The criteria are:



a. That any changes improve and not disrupt the funding stream to existing grant recipients and their clients who are depending on this program for housing assistance;

Result: Current needs, as documented by the estimated number of persons living with AIDS in each recipient community and the relative housing costs for assisting these clients as measured by fair market rents, would be the basis for allocation funds and reductions to existing programs would be mitigated by a modified hold harmless provision and grand parenting for eligibility of communities.

b. That any changes recognize and encourage the highest levels of performance in using these federal resources;

Result: High performance will be the continued focus for HOPWA grant administration. Grantee and sponsor performance will be assisted with supportive efforts that would be made under the continued allowance for technical assistance. In addition to identifying best practices in the formula programs, the use of national competitions to award a portion of program funds for Special Projects of National Significance as models for all communities.

c. That any changes result in allocating expanded resources to meet pressing current needs of clients;

Result: As program resources expand, areas with relatively greater numbers of person living with AIDS (vs. cumulative and incidence data) and relatively higher housing costs, as measured by fair market rents, will receive greater allocations and current recipients will be protected against large decreases in funding as they continue existing programs. Also, as noted in the December 1998 CDC report, until HIV data is uniformly available, AIDS surveillance data that report AIDS prevalence will remain the best measure of the impact of the epidemic.

d. That changes help ensure program accountability by expanding the existing capacity of programs and systems, through training, technical assistance or through administrative actions that improve performance.

Result: The use of technical assistance in connection with grant administration and monitoring of performance, and the use of limited administrative flexibility, will ensure that the public trust is carried out in using funds for their intended purposes.

## **N. Conclusion.**

In conclusion, the Department offers this information on the HOPWA program to help inform Federal policy in continuing to provide housing assistance as a current and necessary response to AIDS. In our experience in working with the recipient communities, providers of HIV/AIDS housing and clients, this program serves a vital mission in

addressing pressing needs of thousands of Americans. Without appropriate housing, persons challenged by the HIV epidemic do not have equal access to the new HIV treatments and therapies and are unlikely to be able to maintain the difficult treatment schedules necessary to cope with the illness. Clearly, safe, decent, affordable housing can save lives and reduce the risks of homelessness that is too often associated with HIV/AIDS. The Federal government can do more to ensure that the national response to HIV/AIDS is ever vigilant and that the housing needs of persons living with HIV/AIDS are appropriately addressed by continuing our collaborations with concerned citizens, States and local governments and the nonprofit sector. In our view, these recommendations will enable the HOPWA program to continue to serve as a useful tool in supporting our communities and their residents in addressing pressing human needs.